



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2017 Biennium

<b>Bill #</b>	HB0540	<b>Title:</b>	Revise natural resource development K-12 funding payment
<b>Primary Sponsor:</b>	Salomon, Daniel R	<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<b>Expenditures:</b>				
General Fund	\$2,611,995	\$4,327,542	\$5,392,213	\$6,404,125
State Special Revenue	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$4,900,000	\$8,100,000	\$10,100,000	\$11,900,000
<b>Net Impact-General Fund Balance:</b>	<u>(\$2,611,995)</u>	<u>(\$4,327,542)</u>	<u>(\$5,392,213)</u>	<u>(\$6,404,125)</u>

**Description of fiscal impact:** HB 540 redirects the Natural Resource Development K-12 Funding Payment to schools to be deposited in the state special revenue school facility and technology account for the Quality School Grant Program.

### FISCAL ANALYSIS

#### Assumptions:

- Currently, the Natural Resource Development (NRD) K-12 Funding Payment is estimated to be \$4.9 million in FY 2016 and \$8.1 million in FY 2017 with offsetting guaranteed tax base aid (GTB) savings to the state of \$2.3 million in FY 2016 and \$3.7 million in FY 2017.
- Direct state aid (DSA), GTB, and other general fund components are computed with the school funding model used by the Office of Public Instruction, the Legislative Fiscal Division and the Office of Budget and Program Planning using current statutory entitlements, enrollment estimates, and estimated property tax values.
- Under current law, the NRD payments are state general fund distributions to all 406 operating school districts in the state. The amount of the NRD payment appropriation is determined by calculating the local property tax

increase related to the increases to the Basic and Per-ANB Entitlements in the school funding formula. The statewide local property tax increase (NRD payment) is then distributed based on the pro-rate of the school district general fund DSA compared to the statewide DSA calculation. Payments range from \$194 to \$203,540 and are deposited to the school district general fund as non-levy revenue to offset local property tax.

4. The distribution, being considered non-levy revenue to the school district, creates a statewide GTB savings to the state of \$2,611,995 in FY 2016, \$4,327,542 in FY 2017, \$5,392,213 in FY 2018, and \$6,404,125 in FY 2019.
5. HB 540 redirects the NRD K-12 funding payment to the state special revenue school facility and technology account. This payment would direct \$13 million to the school facility and technology account in the 2017 biennium. This account is used to pay, in part, for the Quality Schools Grant Program at a cost of approximately \$12 million per year.
6. There would be no GTB savings per the HB 540 redirection of funds. School districts would receive the GTB payments and the state special revenue account would receive the total amount of the NRD payment to be used for grants. The following table shows the distribution to schools under current law and under HB 540.

**Distribution to Schools**

	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
Current law	\$2,288,005	\$3,772,458	\$4,707,787	\$5,495,875
HB 540	\$7,511,995	\$12,427,542	\$15,492,213	\$18,304,125

<b><u>Fiscal Impact:</u></b>	<b><u>FY 2016 Difference</u></b>	<b><u>FY 2017 Difference</u></b>	<b><u>FY 2018 Difference</u></b>	<b><u>FY 2019 Difference</u></b>
<b><u>Expenditures:</u></b>				
Local Assistance (GTB)	\$2,611,995	\$4,327,542	\$5,392,213	\$6,404,125
Local Assistance (NRD)	(\$4,900,000)	(\$8,100,000)	(\$10,100,000)	(\$11,900,000)
Grants (Natural Resource Dev)	\$4,900,000	\$8,100,000	\$10,100,000	\$11,900,000
<b>TOTAL Expenditures</b>	<b>\$2,611,995</b>	<b>\$4,327,542</b>	<b>\$5,392,213</b>	<b>\$6,404,125</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$2,611,995	\$4,327,542	\$5,392,213	\$6,404,125
State Special Revenue (02)	\$0	\$0	\$0	\$0
<b>TOTAL Funding of Exp.</b>	<b>\$2,611,995</b>	<b>\$4,327,542</b>	<b>\$5,392,213</b>	<b>\$6,404,125</b>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$4,900,000	\$8,100,000	\$10,100,000	\$11,900,000
<b>TOTAL Revenues</b>	<b>\$4,900,000</b>	<b>\$8,100,000</b>	<b>\$10,100,000</b>	<b>\$11,900,000</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$2,611,995)	(\$4,327,542)	(\$5,392,213)	(\$6,404,125)
State Special Revenue (02)	\$4,900,000	\$8,100,000	\$10,100,000	\$11,900,000

**Effect on County or Other Local Revenues or Expenditures:**

1. Redirecting the NRD K-12 funding payment could have a \$2.2 million local tax impact in FY 2016 and a \$3.7 million local tax impact in FY 2017.

---

*Sponsor's Initials*

---

*Date*

---

*Budget Director's Initials*

---

*Date*